

Testimony of Marcus Hutka, DVM, on the Impact of Regulation on Veterinary Practices Supporting Texas Agriculture

My name is Dr. Marcus Hutka, and I am an equine veterinarian practicing in Waller, Texas. I also sit on the Board of Directors of the Texas Veterinary Medical Association (TVMA), a professional trade association serving more than 4,500 Texas veterinarians. As everyone on this committee is aware, many areas of Texas are experiencing a shortage of veterinarians. Despite being a critical component in the success of the state's agriculture industry, certain regulatory requirements and practices exacerbate this problem by disincentivizing veterinarians from establishing practices in areas of need. I am here to speak about two ways that the State of Texas could ease some of these restrictions and make large animal practice more feasible and economical going forward.

First, local zoning requirements and ordinances of some municipalities disincentivize or even prohibit veterinarians from establishing a large animal practice within their boundaries. Despite the need for large animal care, and despite much of their work involving normally accepted agricultural practices, some veterinarians have had their zoning permits denied or had punitive restrictions imposed on the construction of necessary clinics and facilities at the last minute. For me personally, land use regulations added an additional \$90,000, or almost 8% to the cost of building my practice. While I was able to absorb these additional costs and fill an area of need in my community, these additional costs could be a barrier to entry for other veterinarians.

In many cases, these zoning restrictions are based on perceived issues relating to noise or smell, but there is no consistency statewide in how local jurisdictions measure those issues. This creates uncertainty for veterinarians who want to establish a much-needed practice in a particular area, and in some cases, it forces them to look elsewhere for a practice location. Uniform, statewide zoning requirements relating to large animal veterinary practices would address this issue by establishing acceptable standards that allow clinics to thrive while protecting the adjacent community. TVMA would be happy to work with stakeholders to establish reasonable standards around large animal practices within cities.

Additionally, while agricultural producers enjoy substantial tax breaks for their operations, the veterinarians who help make that production possible do not enjoy similar relief. Large and mixed animal veterinary practices play a unique role in the Texas economy because they ensure the health of the state's farm and food animals while increasing the profitability of the agricultural endeavors they support. However, since large animal practice requires more space and larger facilities, taxes on their land, equipment, and facilities are higher as a percentage of revenue when compared to small animal clinics.

The total cost of operating a large animal-specific practice, including the associated taxes, can pose a significant barrier to entry for many veterinarians when they are deciding the types of patients they can treat. For example, large animal practices require more space to treat and accommodate patients, thus costing these practitioners more in taxes. When I was building my practice, I was required to re-zone part of my property from agricultural use to commercial use, despite my clinic directly supporting the local agriculture industry. The county tax assessor estimates that I will pay an additional \$10,000 per year in property taxes due to this change.

Limited tax relief for this type of practice, within reasonable limits to account for location and percentage of practice devoted to agricultural work, could be an important piece in alleviating veterinarian shortages in high need parts of the state. Thank you for hearing my testimony today. I am happy to answer any questions.

Marcus Hutka, DVM